



groundwork
CENTER FOR RESILIENT COMMUNITIES

September 2, 2015

Senator Mike Nofs
PO Box 30036
Lansing, MI 48909-7536

Dear Senate Energy & Technology Committee members,

I'm speaking on behalf of the 3,000 supporters of the Groundwork Center for Resilient Communities, in Traverse City. Formerly the Michigan Land Use Institute, we've worked for 20 years on economic development that grows jobs and protects our state's environment. Thank you for allowing me to speak to the committee.

I want to thank Senator Nofs for his part, seven years ago, in enacting energy reform legislation that triggered the rise of new Michigan wind, solar, and efficiency industries. In our region, that reform motivated one local utility to bring energy efficiency improvements to 600 Traverse City homes—helping families and contractors. It also enabled two local utilities to launch the state's first community solar project, purchase cheap wind power, and better protect our air, water, and health. It encouraged Northport to begin working toward 100 percent renewable energy. It gave clean energy a toehold in Michigan, in all sorts of creative, often community-based ways.

I've helped communities, businesses, and homeowners develop weatherization and renewable energy in Massachusetts and California. Both states have better clean energy policies than we do; that is why both states do extraordinarily well in the clean energy economy. We can have that future, too.

But SB438, which eliminates efficiency and renewable standards and incentives, and harms net metering works, will stop Michigan's most hopeful new industry—clean energy—in its tracks. California and Massachusetts are succeeding not because of better wind or sun or insulation crews, but because they have better policies.

Here's an example: Last Friday, Short's Brewery, which employs about 100 people in Elk Rapids, unveiled a 40-kilowatt rooftop solar array to provide about 10 percent of its electricity. The project used Michigan-made equipment, was installed by Michigan contractors, and will quickly add to Short's bottom line. But it took the combination of a \$35,000 rural development grant and, crucially, full retail credit from the utility for Short's homemade electricity to make the numbers work.

It's a great project, but it could have been better. Unlike California and Massachusetts, Michigan limits net metering projects paying retail to 20kW. Unlike those states, Michigan and its utilities offer no solar incentives, because we have no standards for solar development and thus no reason for them.

SB 438 would eliminate the one slender thread that makes projects like Short's viable, with or without grants—net metering at the retail rate. Businesses like Short's, all over the state, won't be able to make their own electricity, strengthen their own financial standing, and become even more successful if installing solar power doesn't make financial sense.

What deeply impressed me at Short's were the young innovators. Joe Short, who returned to northern Michigan to open a business spoke about the importance of self-owned solar to his business and community, while his employee's daughters cut the ribbon. The contractor, CBS Solar, of Copemish, is a family business, too, assembling and installing panels. CBS wants to grow its business by helping other families and businesses cut energy costs, create jobs and protect our air and water.

These are just some of the folks we know in northern Michigan whom SB 438, in its present form, would seriously harm, because it would cripple net metering.

Net metering opponents use the argument that it's unfair to other customers to allow Short's to save on retail energy costs by making some of its own electricity. In fact, distributed solar *helps* customers—and utilities. Solar makes the grid more resistant to storm outages, saves utilities from building more power plants, running ultra-expensive peaker plants, building more costly distribution substations and lines, buying volatily priced fuel, spending more on pollution controls, and wasting power via line loss. Distributed solar is good for everyone.

A final point: Supporters of this legislation often say the Legislature shouldn't be involved in picking winners and losers. They argue Michigan ratepayers have helped prime the pump for these new technologies, and it's time for them to compete head-to-head.

But that ignores a lot of history. Traditional generation is so entrenched within business models that power companies will not move any closer toward truly clean and renewable energy than they are required to.

Moreover, traditional generation has received generous subsidies for a century, while Michigan's clean energy efforts have had, at most, eight years of modest subsidies. Arguing that eight years is enough for these new technologies to now compete with old ones, subsidized for decades and forever at the center of utilities' business models is simply wrong. It ignores history and the practical realities of today's energy industry.

We want Michigan to prosper, to remain Pure Michigan, to call its many former residents back home to a bright, strong future. Getting our energy policy right is crucial, but Senate Bill 438 does the opposite. It is a giant step backwards that will harm people, businesses, and the environment, and do nothing to improve our competitive position in a world rushing toward a clean energy future.

Please do what it takes to allow Michigan, with its great work force, matchless manufacturing heritage, and strong entrepreneurial spirit to be a world leader, rather than a Johnny-come-lately follower. Expand, rather than eliminate, our renewables, energy optimization, and net metering laws. They are crucial to our future success.

Sincerely,

Dan Worth
Clean Energy Policy Specialist
Groundwork Center for Resilient Communities